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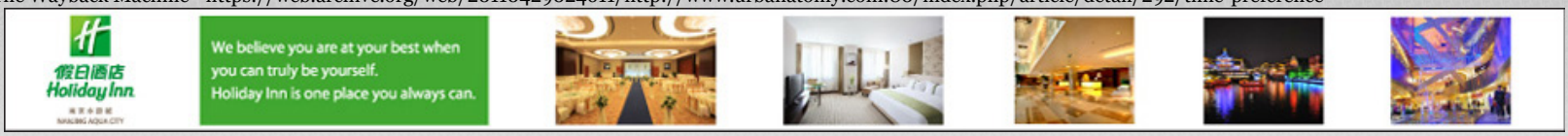

Time Preference

by nickland @ Wednesday, 13 April 2011 16:22

Etymologically, 'civilization' refers to the life and growth of cities. It is the Latin cousin of Greek 'politics'.

In contemporary usage, however, civilizations are conceived as the highest level of social and cultural identification (below only that of the human species as a whole). Civilizations stand above the nation state in magnitude, as cities stand below it – although civilizational- or ethno-states on the one hand, and city-states on the other, complicate the picture.

'Civilization' has another, qualitative, and (somewhat ironically) less respectable sense. When, rather than comparing civilizations, civilization is contrasted with barbarism, or evaluated on a qualitative scale, it describes a degree of cultural advancement, sophistication, and perhaps even virtue. An individual, city, or society might, for instance, be judged 'highly' (or 'barely') civilized. (In today's world, such discriminations are unlikely to seem entirely 'politically correct'.)

Does each civilization (in sense 1) evaluate civilization (in sense 2) solely by its own, relativistic criteria? Or does civilization consist of something real, universal, and even measurable – an absolute criterion that each particular civilization implicitly treasures, and sustains itself through?

For any civilization oriented to its own persistence and flourishing, one obvious candidate presents itself: (low) time preference. The concept of time preference, formulated within neoclassical and Austrian school economics, gauges the degree to which the future is discounted. Under free-market conditions, it is reflected by the rate of interest.

High time preference corresponds to the instant gratification of 'living for today', whilst low time preference corresponds to a future-oriented mentality, in which energy and attention is lavished upon comparatively long-term ventures and considerations. A high time preference, or impulsiveness, is associated with an indifference to consequences that characterizes the excitement of youth culture and the temptations of criminality. Low time preference is essential to accumulative thrift, elaborate projects, 'round-about' technological problem solving, and a concern for the interests of descendents. The resonances with colloquial understandings of 'civilization' are unmistakable.

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If these linkages seem at all compelling, the present world financial crisis takes on the sickly hues
catastrophe. Massive, accelerating indebtedness and monetary debauchery have eroded thrift, an
enormous burdens onto future generations. Western countries, in particular, have seen the cultur
vaporized by incontinent credit-card consumerism and 'kick-the-can-down-the-road' political panc
this abusive disregard for the future has been accompanied by demographic collapse, as children
been erased from popular consideration. Financial systems that evolved to defend the long-term i
degenerated into instruments of frenzied, unsustainable looting.

The statement that expresses this spiral of de-civilization with greatest clarity belongs, appropria
of ascending time preference and prime author of our contemporary woes, John Maynard Keynes,
long run we are all dead." The infertile decadence of Bloomsbury, the election-cycle myopia of rar
the cynical substitution of counterfeit currency production for honest and enduring monetary valu
prophetically – captured by this phrase.

Everyone reading this already inhabits Keynes' "long run" and has already been counted among th
written off or scratched out, consciously and explicitly, by the dominant political economy of rece
remotely civilized. Having seemingly learnt nothing, we are sowing even more venomous dragon'
grandchildren (if we still bother to have any).

Herodotus remarked that in times of peace children bury their parents, but in times of war parent
peace economy is now a classical war economy, thanks to the Keynesian revolution, and the globa
tenets. The lives of future generations are sacrificed, children buried in a mountain of debt. This
us.

A wonderful short polemic by Bill Bonner sums up the situation: "What they have been enjoying is r
They've stolen from those who can't vote. Many of them haven't even been born."

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